



*The Ken Kalis Insurance
Compliance Monthly Update
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*Welcome to our October Update!
There's been a lot of news this past
month and we have tried to spice up
your reading with some quotations
from famous people who were born
in October. Please read on and enjoy, and be sure to let us know what you think.*

Congratulations:

New York Life Leads Million Dollar Round Table For The 56th Consecutive Year

New York Life Insurance Company again led the Million Dollar Round Table (MDRT) in the United States for the fifty-sixth consecutive year with 1,995 New York Life agents out of a total of 10,244 agents.



"Our MDRT leadership reflects New York Life's belief that there is no substitute for a trusted, knowledgeable leader committed to serving their clients with exemplary performance and the highest standards of ethics, service and productivity of a highly trained professional. We will continue to provide our agents with the support and resources needed to help them achieve long-term success." Mark Pfaff, executive vice president in charge of U.S. Life Insurance and Agency.

<http://www.insurancenewsnet.com/article.aspx?id=230115&type=lifehealth>

***Politics is the art of looking for trouble,
finding it everywhere, diagnosing it
incorrectly and applying the wrong
remedies.***

Groucho Marx, October 2, 1890



IMSA Congratulates Latest Requalifiers.

In it's October 4 edition of IMSA *Today*, IMSA congratulated what may be the last companies renewing IMSA membership:

Congratulations to the following **ING USA Life Group** companies, for successfully renewing their IMSA qualification:

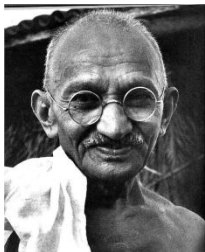
- **ReliaStar Life Insurance Company**
- **ReliaStar Life Insurance Company of New York**
- **Security Life of Denver Insurance Company**

IMSA also extends congratulations to the **Horace Mann Life Insurance Company** for its successful IMSA requalification.



The BIG Number

\$818 million was the BIG Number we published again last month - the latest total of fines and other regulatory actions of life insurance companies that had discontinued their use of the independent assessment process, formerly mandatory to renewing membership in IMSA. (BTW, thanks for pointing out that our comment comparing this to the federal stimulus package cost was off by a factor of 1,000 – the difference between an „M“ and a „B“!) Perhaps in these days we need to get to a billion before we think we're talking serious money. Well, with a class action settlement \$545 million and another Market Conduct related \$10 million this past month, that BIG Number is bigger than ever at \$1.373 billion with a B. Some 13 million policy holders will qualify for payments, and this has been all over the news. All this can be tremendously damaging to the public trust in insurers, and we urge the continuing use of high quality standards and regular independent assessments to help your company avoid the damage to your brand that this kind of news carries with it. (We're still looking into a \$1.2 million FINRA fine for social networking issues, and that is not yet reflected in the BIG number.)



\$1.373 billion with a B

A 'No' uttered from the deepest conviction is better than a 'Yes' merely uttered to please, or worse, to avoid trouble. Mahatma Gandhi, October 2, 1869



Insurance News

Insurance firms infuse GOP with big doses of cash

According to the Chicago Tribune, the insurance industry is pouring money into Republican campaigns hoping to scale while preserving the mandate that Americans buy coverage. In a sharp reversal from 2009 when the industry gave about the same to each party, in 2010 the largest companies are giving 2 to 3 times as much as to Republicans. Read the full story at:

<http://www.latimes.com/health/ct-biz-1004-health-insurance-politics20101004,0,4384100.story>

***To write something,
you have to risk
making a fool of
yourself.*** Anne Rice, October 4, 1941

Younger Buyers like Traditional Life Insurance

The Guardian Life Insurance Company of America (Guardian) most recent survey shows that policy buyers under 40 are choosing whole life over other asset alternatives because they want to be financially secure as soon as possible.

Guardians's whole life sales are up this year. This jibes with LIMRA data showing whole life sales up 23% in the second quarter this year bringing whole life's market share up to 31 % of total life U.S. insurance sales -- the highest share since 1998,

<http://www.insurancenewsnet.com/article.aspx?id=228799&type=lifehealth>

When you learn something from people, or from a culture, you accept it as a gift, and it is your lifelong commitment to preserve it and build on it.
YoYo Ma, October 7, 1955



"October is nature's funeral month. Nature glories in death more than in life. The month of departure is more beautiful than the month of coming - October than May. Every green thing loves to die in bright colors."

Henry Ward Beecher

Whole Life Insurance: The Value of Cash Value

An October 8 PRNewswire story reports that in today's tight economy with banks loans harder and harder to get, more people are turning to the cash value of their whole life insurance policy to borrow needed funds. WholeLifeInsurance.net provides specific information about the pros and cons of borrowing on your life insurance policy as well as lots of other good information on whole life.

www.WholeLifeInsurance.net You can read the whole PRNewswire story at: <http://www.insurancenewsnet.com/article.aspx?id=229389&type=lifehealth>



Penn Mutual Life Announces New Living Benefit for Chronically-Ill

The Chronic Illness Accelerated Benefit provides Penn Mutual permanent life insurance policyholders with the option to use some of their policy death benefit help assist with the daily needs of a chronically ill individual. There is no charge for the benefit and no impact on the policy values unless it is used.*

The Chronic Illness Accelerated Benefit can help pay for personal, medical, nursing home and household expenses. It can also aid in covering the cost of special equipment or modifications to a living space. There are no restrictions on how the money can be used. Read the full story at http://www.prweb.com/releases/Chronic_Illness/Accelerated_Benefit/prweb4611494.htm.

<http://www.insurancenewsnet.com/article.aspx?id=228789&type=newswires>

What is my task? First of all, my task is to be pleasing to Christ. To be empty of self and be filled with Himself. To be filled with the Holy Spirit; to be led by the Holy Spirit.

Aimee Semple MacPherson, October 9, 1890



Nolan Company: "An Industry in Transition"

A Robert E. Nolan Company report covers over 60 senior-level life insurance executives' views on the industry's most pressing issues along with Nolan's analysis and ideas for responding to historic changes taking place in the insurance market.

Highlights include:

- global demographic shifts impacting products, distribution, employees, and consumers
- compressed margins with increased competition, both domestically and internationally
- service differentiation defined and delivered at the staff level, and not simply technological



- product modularization that allows the flexibility to plug-and-play features and benefits
- dynamic changes in the components and practices of distribution
- increased, and more consolidated, regulation of the industry at newfound depths
 - accelerated technological changes that must be operationalized quickly



To download a copy of "An Industry in Transition," visit www.renolan.com/lifesurvey.
<http://www.insurancenewsnet.com/article.aspx?id=228785&type=newswires>

I'm so glad I never feel important, it does complicate life!

Eleanor Roosevelt, October 11, 1884

Insurance Industry Continues Slide

October 08, 2010 | BestWire Services

The latest federal employment data shows the insurance industry registering another sizable drop in jobs, losing 5,700 positions and showing no sign of reversing an unrelenting downward trend that began at the start of the recession...

<http://www.insurancenewsnet.com/article.aspx?id=229419&type=breakingnews>

Any woman who understands the problems of running a home will be nearer to understanding the problems of running a country.

Margaret Thatcher, October 13, 1925



Social Media

Live from LIMRA: Go Online or Go Extinct

Speakers at LIMRA's Annual conference urged life insurers to step up their embrace of technology and social media. Former Travelocity CEO Terry Jones said companies need to expand distribution using new technology by making effective use of search, websites, texting, social networking and more.

His comments came during a general session featuring speakers who looked at innovation in the life insurance industry from different perspectives. 52 percent of buyers are already using the internet to get information on products, and 45 percent of U.S. policyholders visited an insurance site last year, according to Jones.





LIMRA CEO Robert A. Kerzner focused on the conference theme of "Change, Adapt, Advance!" and asked a rhetorical question: "If our industry doesn't change, could we become extinct?" He too suggested life insurers expanding distribution via technology: "Can we somehow better leverage technology to build a different business model? To get our product in front of more people? Or to underwrite and issue in real time? The computer, the iPhone and other devices will allow our producers and contact centers to close sales face-to-face, but in a new way, more economically, and in less time."

You can read the complete article by Linda Koco, a contributing editor for InsuranceNewsNet, covering the latest from LIMRA's Annual Meeting in Washington, D.C at the link below:
<http://www.insurancenewsnet.com/article.aspx?id=232542&type=topnews>

I'd rather learn from one bird how to sing than to teach ten thousand stars how not to dance.

e.e. cummings, October 14, 1894



FINRA has started to do Social Media Audits.

Still confused about Notice 10-06 and what it means to you? Do you allow access to LinkedIn as a "Business Card" only? If so you should check out the [blog post](#) on the audits and some actions you should take right now to stay in compliance (full blog below). Socialware offers help on these issues and more.

For those of you who won't click on the link, here are some highlights:

1. There are no new rules, just interpretation of the existing ones.

FINRA is issuing this Notice to guide firms on applying the communications rules to social media sites, such as blogs and social networking sites...At the same time, FINRA is seeking to interpret its rules in a flexible manner to allow firms to communicate with clients and investors using this new technology.

2. LinkedIn IS a social network

Another point I've heard from the industry is that some compliance departments don't believe LinkedIn is a social network and as a result 10-06 doesn't apply. FINRA actually calls out LinkedIn specifically in their notice and the same rules apply here as they would for Facebook, Twitter or other forms of electronic communication. "Social networking sites, such as Facebook, Twitter and LinkedIn, typically include both static content and interactive functions."



3. LinkedIn content must be archived and supervised

Yes and Yes. In addition, FINRA makes it clear that every firm must ensure that it can retain records of social media communications as required by Rules 17a-3 and 17a-4 under the Securities Exchange Act of 1934 and NASD Rule 3110. For firms that allow access to LinkedIn without automated archiving and supervision this creates a massive risk.

This information was supplied by Adam Salamon who you can reach at adam@socialware.com. His note concludes:



If you are still on the fence on how to proceed please don't hesitate to reach out and talk with us. Between New York Life and the 45+ customers we've brought on this year, we've developed a tremendous number of best practices, insights and case studies on how to adopt social media in a compliant fashion. Here is a [recent announcement](#) on the industry progress.

P.S. If you haven't joined SocialTurns.com, a new community for financial professionals to discuss social media issues, now's the time! [Click here to get started.](#)

Compliance Happenings

We are off to the LHCA meeting in Atlanta, Wednesday through Friday, November 3-5. Hope to see many of you there. This is, dollar for dollar, the best value of any compliance meeting out there. You learn the most about real, practical issues and interact with real compliance pros who are very nice people too!



November 9-10 FINRA Advertising Regulation Conference – Washington, DC

[Let us know about your event and we will be sure to list it!](#)

Best Practice of the Month

From Former Travelocity CEO Terry Jones' remarks at the LIMRA Annual Meeting:

- Use social media to attract customers. Listen to what people are saying about you on the web and use that information to form a response.
- Make the online customer curious. "Offer something they can't do or get in the physical world,"
- Offer simplicity. That appeals to people who are busy and using the web for convenience.
- Educate the customer with little pieces of information about the product. Make this information available in small amounts, just when they want it.
- Let customers participate by writing reviews and testimonials. "People care about what other people want to know and what other people think, They also want to buy what other people buy," Read more at: <http://www.insuranceneewsnet.com/article.aspx?id=232542&type=topnews>



Humility and knowledge in poor clothes excel
pride and ignorance in costly attire. William Penn, October 14,
1644



A Little Social Media Humor

A good laugh, even if you're NOT over 50!

When I bought my Blackberry I thought about the 30-year business I ran with 1800 employees, all without a cell phone that plays music, takes videos, pictures and communicates with Facebook and Twitter. I signed up under duress for Twitter and Facebook, so my seven kids, their spouses, 13 grandkids and 2 great grand kids could communicate with me in the modern way. I figured I could handle something as simple as Twitter with only 140 characters of space.

That was before one of my grandkids hooked me up for Tweeter, Tweetree, Twhirl, Twitterfon, Tweetie and Twittererific Tweetdeck, Twitpix and something that sends every message to my cell phone and every other program within the texting world.

My phone was beeping every three minutes with the details of everything except the bowel movements of the entire next generation. I am not ready to live like this. I keep my cell phone in the garage in my golf bag.

The kids bought me a GPS for my last birthday because they say I get lost every now and then going over to the grocery store or library. I keep that in a box under my tool bench with the Blue tooth [it's red] phone I am supposed to use when I drive. I wore it once and was standing in line at Barnes and Noble talking to my wife and everyone in the nearest 50 yards was glaring at me. I had to take my hearing aid out to use it, and I got a little loud.

I mean the GPS looked pretty smart on my dash board, but the lady inside that gadget was the most annoying, rudest person I had run into in a long time. Every 10 minutes, she would sarcastically say, "Re-calc-ul-ating." You would think that she could be nicer. It was like she could barely tolerate me. She would let go with a deep sigh and then tell me to make a U-turn at the next light. Then if I made a right turn instead...well, it was not a good relationship.

When I get really lost now, I call my wife and tell her the name of the cross streets and while she is starting to develop the same tone as Gypsy, the GPS lady, at least she loves me.

To be perfectly frank, I am still trying to learn how to use the cordless phones in our house. We have had them for 4 years, but I still haven't figured out how I can lose three phones all at once and





have run around digging under chair cushions and checking bathrooms and the dirty laundry baskets when the phone rings.

The world is just getting too complex for me. They even mess me up every time I go to the grocery store. You would think they could settle on something themselves but this sudden "Paper or Plastic?" every time I check out just knocks me for a loop. I bought some of those cloth reusable bags to avoid looking confused, but I never remember to take them in with me.

Now I toss it back to them. When they ask me, "Paper or Plastic?" I just say, "Doesn't matter to me. I am bi-sacksual." Then it's their turn to stare at me with a blank look. I was recently asked if I tweet. I answered, No, but I do toot a lot."

I need to go back to my old CB Radio.

This was sent in by a reader but you can find it several places on the Internet one is:
<http://johnjudyc.blogspot.com/2010/08/me-and-my-blackberry.html>

Always forgive your enemies - nothing annoys them so much. Oscar Wilde, October 16, 1854

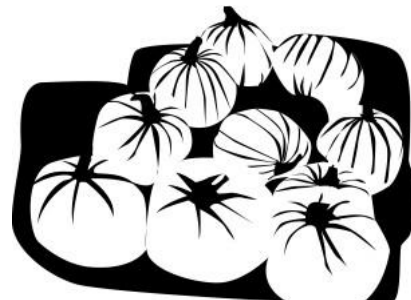
IMSA? Announcements & Questions

IMSA Dissolves, Becomes CEFLI, Changes Leader

On October 19, IMSA membership voted to approve the IMSA Board of Directors' recommendation to dissolve IMSA. The organization's work on compliance issues will be carried on by The Compliance and Ethics Forum for Life Insurers (CEFLI).

IMSA President & CEO, **Brian K. Atchinson**, will depart IMSA on November 1st, and Donald J. Walters will lead the new organization in its development.

CEFLI will maintain the IMSA certification process and its standards and will explore new ways to leverage technology to provide timely benchmarking



and compliance information more efficiently. ICI reports that [the certification process will continue as well, but as an optional, rather than a mandatory, program](#), and quotes Walters as saying, "Insurers went through it and found it beneficial, so we will make the standards available,"



Architecture aims at Eternity. *Christopher Wren, October 20, 1632*

Organizationally, IMSA will cease to exist on Dec. 31 and CEFLI begin Jan. 1, 2011. CEFLI plans to target "the entire life insurance universe" and will launch a membership drive "ASAP," according to Walters in an Insurance Compliance Interview (see link below) There will be no automatic rollover of IMSA companies into the new group and dues and membership structures are still to be determined.

Atchinson expressed "one looming regret," according to ICI: "We didn't realize early enough that IMSA's business model needed to evolve."

In a Marketwire release on October 29, IMSA Board of Directors Chairman and Sammons Financial Group Chairman Michael Masterson had these kind words to say: "***It is not easy to navigate any organization through challenging economic times, but Brian Atchinson did an exceptional job. He created a solution that will preserve the integrity of ethics and compliance in the life industry, protected the jobs of longtime IMSA staff, and had the vision to facilitate needed change in the marketplace.***"

I am pleased that I had a chance to wish Brian well this week and greatly appreciated his willingness to listen to my out-of-the-box ideas over the nine years of his tenure. In an age of unanswered emails where many people tend to be slack in dealing with unsolicited calls, Brian always responded at once. I cannot think of a time when I did not receive a return phone call on the same day I had called. What a great example of treating others with kindness and respect. We will remember him fondly for this and for his ongoing optimism and faith in what the future holds.

Read more at www.IMSAethics.org as well at the Insurance Compliance Insight link at

<http://www.ins-compliance.com/article.cfm?id=1845>

An Old Irish Blessing

May the road rise up to meet you.
May the wind always be at your back.
May the sun shine warm upon your face,
and rains fall soft upon your fields.
And until we meet again,
May God hold you in the palm of His hand.





IMSA Questions?

While IMSA dissolves and CEFLI gets organized, there are a few remaining questions to be addressed. Several of these were recently raised by member companies. Some of these can only be addressed by companies such as these:

1. *In light of the recent dissolution of IMSA, are companies planning to continue some form of the review programs established under the IMSA certification program?*
2. *Have any IMSA member*

companies decided what they will do in response to the recent announcement about the new Compliance and Ethics Forum for Life Insurers (CEFLI)?

Before the companies can answer these questions it seems to me that the following issues must be addressed:

- Will the certification process continue as it is?
- What changes to the process will be made?
- How will the process, the Handbook and the software be maintained and updated? (Will the assessments and criteria “evolve” as the industry does to be responsive and so avoid the regret expressed by Atchinson?)
- Will there be fees for use of the process?
- Will regulators continue the support for the process they have expressed in the past?
- What will be the benefits of going through the process?
- Who will determine successful completion of the process and how will this be communicated to the public?
- Will the Standards Committee, Regulatory and other working committees continue?
- Will the standards and training for Qualified Independent Assessors continue?

**All thoughts, all passions, all delights
Whatever stirs this mortal frame
All are but ministers of Love
And feed His sacred flame.**

Samuel Taylor Coleridge, October 21, 1772



- What will be the impact on the current use of the IMSA logo?

The essence of that last question spurred the following question from a member company:

IMSA is going to disband and become the Life Ethics Forum. When that occurs, I assume the IMSA trademark will be removed from advertising. Because of the trademark removal, will companies file the advertising in the required states?

I called Don Walters this week to discuss some of these issues and he replied in an email on October 27 kindly assuring me that “he would try to keep me “in the loop” on any responses generated so that you can be fully informed.” We will, of course, do our best to keep you informed as we hear more from Don about the decisions made on these issues.



What's UP at the Kenneth J Kalis Company

We are continuing to experience higher than normal hits on our web site, but less than in September and August. The IMSA member companies have agreed to dissolve that organization as reported above. We are pleased that the decision was made to continue the certification process, but we are not sure of the specific details of that decision and its implications; there are many open questions.

Our plans are, of necessity, developing slowly, but our commitment to ethical market conduct and to the independent assessment process continues to be as deep as ever. We are talking with a number of companies about their plans regarding assessments but cannot move much further ahead with these talks until more details emerge about the operation of the certification process after IMSA closes its doors on December 31, 2010.

All the mistakes I ever made were when I wanted to say 'No' and said 'Yes'. Moss Hart, October 24, 1904

Our hope and plan is to continue to support the IMSA certification process in whatever way we can, and to work with those companies who choose to use it in 2011 and beyond. We are also working on two other non-IMSA independent assessment processes for companies who may be interested in a standards-based assessment based on existing regulatory experience and not requiring a self-assessment.

The first of these is called **FedRed**, which we announced to Federal officials in March of 2009 and offered to IMSA and the ACLI at the same time. It is a certification process through which companies who are interested in Federal oversight would





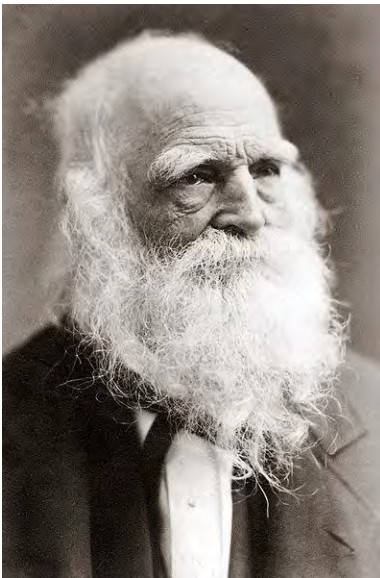
demonstrate compliance with all state and federal regulatory and financial standards so that they would be eligible for Federal regulation.

The second, which we are calling “**Compliance Performance Arch**” as a working title, is a standards-based independent assessment process that validates and supports the implementation of a culture of compliance, using standards from the insurance industry including regulatory examinations, as well as the Federal Sentencing Guidelines, the Malcolm Baldrige National Quality Award, and consumer interest organizations.

We continue to participate in the IMSA Committee on Advertising, led by John Travagline, who has indicated that the work there will continue. Our work on helping companies with their compliance and other business writing remains a priority as we work to deliver value to our customers. Please let us know if you would like to participate in our ongoing discussions of our future plans or if we can be of any help to you and your company. Email kkalis@aol.com or call 352-505-0705.

In the Bible it says they asked Jesus how many times you should forgive, and He said 70 times 7. Well, I want you all to know that I'm keeping a chart.

Hillary Rodham Clinton, October 26, 1947



Closing Thoughts

The sweet calm sunshine of October, now

Warms the low spot; upon its grassy mold

*The purple oak-leaf falls; the birchen bough
drops its bright spoil like arrow-heads of
gold."*

*William Cullen
Bryant*



The Cherokee Legend

Do you know the legend of the Cherokee Indian youth's rite of passage?

His father takes him into the forest, blindfolds him and leaves him alone. He is required to sit on a stump the whole night and not remove the blindfold until the rays of the morning sun shine through it. He cannot cry out for help to anyone.

Once he survives the night, he is a MAN.

He cannot tell the other boys of this experience, because each lad must come into manhood on his own.



The boy is naturally terrified. He can hear all kinds of noises. Wild beasts must surely be all around him. Maybe even some human might do him harm. The wind blew the grass and earth, and shook his stump, but he sat stoically, never removing the blindfold. It would be the only way he could become a man!

Finally, after a horrific night the sun appeared and he removed his blindfold.

It was then that he discovered his father sitting on the stump next to him.

He had been at watch the entire night, protecting his son from harm.

We, too, are never alone. Even when we don't know it, God is watching over us, sitting on the stump beside us.

When trouble comes, all we have to do is reach out to Him.

Moral of the story:

Just because you can't see God,
Doesn't mean He is not there.
"For we walk by faith, not by sight."

<http://www.ryanmendenhall.com/blog/2010/01/08/the-chokeke-legend.htm>

Text and photos used with Ryan's permission.



Special Added Attraction!



The Kalis family has never had the pleasure of visiting the Inn at Danbury in Danbury, New Hampshire nor meeting Bob and Alexandra Graf and their family. But, we have taken great delight in enjoying many of their authentic German recipes which are served at Alphorn Bistro and kindly shared via their website: www.innatdanbury.com

Geschnetzeltes is by far one of our favorites and we are grateful to the Graf's for allowing us to share it with you in this month's newsletter. You will not only enjoy this month's recipe but you will have great fun visiting the Inn at Danbury website. If you are in New Hampshire, please be sure to visit the inn and extend our warmest regards to the Graf family.

The Inn at Danbury
67 NH Route 104, Danbury, NH 03230
603-768-3318
1-866-DANBURY

Geschnetzeltes
(Veal Strips)
Inn at Danbury
Danbury, New Hampshire

Ingredients

- 1 pound Veal boneless
- 1 Tablespoon diced onion
- 2 Tablespoon butter
- 2 Tablespoon flour
- 1 Cup water
- 1 Teaspoon beef base or 1 bouillon cube
- Salt, pepper
- 4 Tablespoons heavy cream

Directions

Pound veal until thin, and cut into strips $\frac{3}{4}$ inch wide. Melt butter in fry pan, sauté onion and veal approx. 5 minutes. Sprinkle with flour and sauté 1 minute. Add water and soup base, stir until thick and smooth, simmer 3 to 5 minutes, and add cream and season with salt and pepper. Serve over noodles or Spaetzle.



Manners are a sensitive awareness of the feelings of others. If you have that awareness, you have good manners, no matter what fork you use.

Emily Post, October 27, 1872

Well, that's it for October. I'm thinking maybe that recipe got you thinking of that upcoming Thanksgiving Day meal. We hope you all have a wonderful Thanksgiving and want to let you know how thankful we are for you and for all our blessings.

Ken Kalis

President, the Kenneth J. Kalis Company, Inc. 352-505-0705

Only Believe! Mark 5:36



"All things on earth point home in old October: sailors to sea, travellers to walls and fences, hunters to field and hollow and the long voice of the hounds, the lover to the love he has forsaken." - Thomas Wolfe

"Lord, it is time. The summer was very big. Lay thy shadow on the sundials, and on the meadows let the winds go loose. Command the last fruits that they shall be full; give them another two more southerly days, press them on to fulfillment and drive the last sweetness into the heavenly wine."
- Rainer Maria Rilke

